

to problems deriving from the upsurge of inflation rather than to shortage of foreign exchange for critical imports. Measures to reduce wide disparities in income distribution are desirable.

Structural adjustment policies hold the best prospect for eventual improvement in productivity and in better standards of living. However, account needs to be taken of the temporary negative impact which such measures have on the most vulnerable groups in society, including children and the poorest who increasingly and disproportionately are women. Governments in many developing countries have already taken the tough decisions necessary to engage in structural adjustment and they are pursuing these programs in the medium and long term interests of their countries. They have been and are courageous in opting for change despite the political and social difficulties in the short term. Continued determination will be essential for reform to succeed.

It is, of course, perfectly natural that countries pursuing appropriate adjustment policies should expect strong assistance from external sources. For its part, Canada has played an active role in support of strengthening the debt strategy. Canada welcomed the debt reduction proposal made by US Treasury Secretary Brady last March. Canada also very much welcomes the decisions taken by the IMF and the World Bank to direct a portion of their resources to provide support for debt and debt service reduction to countries undertaking sound medium-term adjustment programs. In addition, Canada and other industrial countries are committed to consider the removal of unnecessary tax, accounting and regulatory obstacles to debt reduction operations.

A more open global trading environment through improved multilateral cooperation is critical if growth is to be sustained. Reform of agricultural trade is particularly important and Canada firmly supports the need for progress in this vital field. Canada recognises the importance of reducing protectionism and creating a more open trading system on a world-wide basis. For this reason, it is impossible to overstate the importance of successfully completing next year the Uruguay Round of Multilateral Trade Negotiations which have passed the half-way mark and are now in the more detailed and critical stage. Besides agriculture, significant progress is needed in textile, services, the strengthening of GATT discipline, and in trade-related aspects of investment and intellectual property. Success in the Uruguay Round is essential if we are to oppose successfully the current unfortunate tendency toward unilateralism, bilateralism, sectoralism and managed trade which threatens to undermine the multilateral system.

Similarly, further progress is required in efforts to reduce the large external imbalances among developed countries. Progress to date has been too slow. Monetary policy is being asked to carry too much of the policy burden and has had the